with me that the imposition of the tax is justified and that there is no reason to waive the same now.

EXPENDITURE.

Turning next to expenditure, I must reiterate that the Government have subjected the budget proposals of the Heads of Departments to a very close scrutiny and the Standing Finance Committee of the Council have also closely scrutinised the several items fixed by the Government. The total expenditure, according to the proposals received, came to Rs. 76·37 lakhs and these have been reduced to Rs. 73·63 lakhs, I must say, without in any way starving the services or allotments essential to the moral and material development of the State and the people.

For next year we are budgetting for an expenditure of Rs. 73,63,300 or Rs. 5,04,200 in excess of the revised estimate of the current year.

I shall now briefly deal with some of the salient features of the budget estimates which call for special comment.

Land Revenue.—The budget estimate for 1103 is fixed at Rs. 2,25,100 and falls short of the proposed revised estimate by Rs. 11,700 mainly due to the absence of any large provisions under 'Temporary Establishment' and under 'Petrol and accessories to the Fishery Motor Boat' which included the cost of a motor boat purchased this year.

During the last Session of the Council the Fishery Administration of the State came in for a good deal of criticism and a resolution was passed recommending the investigation of the question of Fishery Administration and for taking suitable steps for developing the fishing industry. Government are carefully considering the question. When the scheme materialises, the allotment required will, if necessary, be applied for in the course of the year.

Agriculture and Panchayats.—There seems to be a misconception that the State is not giving adequate grants for the development of Agriculture. This, I am afraid, is because the contribution of the Government is judged solely with reference to the budget grant under 'Agriculture.' The four lakhs odd of working capital possessed by the Central Bank which is largely made up of loans from Government and investments of security amount of Government and other officers at low rates of interest is also an item which has to be taken

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into account here. The provision made for grant of loans under the Agriculture Improvement Loans Regulation is another, not to speak of the large expenditure incurred by the Government year after year for purposes of irrigation through the Panchayat and Public Works Departments.

As against the revised estimate of Rs. 2,58,200 the budget estimate for 1103 makes a provision of Rs. 3,15,200, i. e., Rs. 57,000 in excess. The excess is mainly distributed between 'Agriculture Proper' and 'Panchayats.' Under 'Agriculture' an increased provision of Rs. 12,773 is made as compared with the revised estimate of Rs. 86,817 while the Panchayats get an enhanced grant of Rs. 42,147 over the revised estimate of Rs. 1,42,941. There has been no exhibition since 1091. The demonstrative value of holding exhibitions in encouraging the agricultural and industrial activities of the people is so well-known that it hardly needs any recapitulation. I, therefore, hope that there will be no difference of opinion as to the provision of Rs. 5,000 made for this purpose under 'Agriculture'. It may, perhaps, be urged that it will be far better to carry the exhibition to the ryots in villages rather than holding a costly show at a central place. Government are not oblivious of the benefits thereof, and if funds permit, they will consider the desirability of holding such exhibitions in different Taluks each year.

The Diwan-President was pleased to observe in eloquent terms during the last budget session as follows :—" In regard to Panchayats our resources are being heavily taxed year after year, though I feel that contributions should be made on a more liberal basis. I had been visiting the nooks and corners of the villages in the State, and representations were made to me at the spot that they had no proper roads, no tanks and wells, no dispensaries, etc. Unless the contributions are increased, it is not possible to improve the lot of the villagers". In drawing up our budget programme, we have tried as far as lies in our power with the funds at our disposal to provide adequately for the different Panchayats.

The main principle on which the Panchayat finance rules are based is that the programme should contain provision only for such works as would have been attended to by the Government, if the Panchayats were not in existence. This principle is relaxed in the case of certain works the undertaking of which is conditional upon the Panchayats concerned contributing half the estimated cost. There is thus no room for the complaint which

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is sometimes heard that one Panchayat has got a larger grant than another or that it was not given the full grant it applied for. The only relevant point to be considered is the importance and the urgent necessity of the work proposed.

I observed last year that, on account of the growing expenditure for Panchayats, the time had come for taking stock of the situation and finding out fresh means of satisfying the needs of the Panchayat Administration by levy of a local cess, if need be. Definite proposals in the matter have been called for, and before a final decision is arrived at, I need not assure the House, they will be duly placed before the Council.

Co-operative Department.—During the last budget session of the Council several members offered criticisms pointing out the directions in which the activities of the department should develop. There were also criticisms that the department was undermanned. Government have now decided on the strengthening of the staff by one Inspector, a clerk and a peon from the 1st Karkadagam 1102, pending the report of the Special Finance Committee, as they have been convinced that the work is such that the present staff is unable to cope with. In placing the above before the House, I shall attempt to trace the development of this department in the State and the circumstances which have induced the Government to strengthen the staff.

The Co-operative Regulation was passed in the year 1088. The first Registrar was an Honorary Officer and there was no staff specially sanctioned to him. It was, however, recognised very soon that, if the movement was to make any headway, a paid officer was necessary, and accordingly, the Superintendent of Registration was appointed Ex-officio Registrar of Co-operative Societies. The subject of co-operation is a technical one, and it was, therefore, found that an officer with some experience in the administration of Co-operative Societies was necessary. A separate Co-operative Department was accordingly organised in 1090, and a full-timed Registrar was appointed with a small staff. Since then, Co-operation has been making progress in the State, and at the end of 1101 we had 140 Societies with a working capital of Rs. 11,23,275 and membership numbering 15,412.

Though the movement has thus established itself firmly, we have not yet gone above the stage of credit Societies, and out of the 263 villages in the State the majority are still without even a credit Society. In reviewing the last Administration Report of the Department Government observed—'The Central

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